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U.N. Conference

New and Renewable Sources of Energy

August 13, 1981

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Following is an address by Stanton D. Anderson, Special Representative of President Reagan and Head of U.S. Delegation to the U.N. Conference on New and Renewable Sources of Energy, in Nairobi, Kenya, on August 13, 1981. The conference took place from August 10 to August 21, 1981.

Allow me, on behalf of my government, to pay special tribute to the statesmanship and foresight of President Daniel T. arap Moi and the Government of Kenya. Kenya was among the first to see the necessity of this conference. In this beautiful city of Nairobi, with the reassuring presence and inspiring commitment of Prime Ministers Indira Gandhi [India], Thorbjorn Falldin [Sweden], Pierre Trudeau [Canada], and Edward Seaga [Jamaica], we have an opportunity to harness the expertise of diplomats and the knowledge of experts to address vital aspects of the global energy situation.

I am certain, Mr. President, that under your leadership the conference will proceed in the spirit of cooperation and realism.

In important ways, this conference has opened with great promise of accomplishment. The preparatory process has brought together experts in many disciplines under the dynamic leadership of Secretary General Iglesias and the wise guidance of Chairman Taniguchi. Members of the preparatory committee produced an impressive body of work on the state of new and renewable energy. This work is, in and of itself, an excellent beginning toward meeting the energy needs of all countries.

The energy adversity we all experience must not become an adversary contest. The varied experiences and perspectives with which each of us assesses the energy problem are not signs of division but signs of positive and healthy diversity.

Emerging Consensus

From this diversity a consensus is emerging on the basic elements of the global energy problem and challenge.

First, the energy problem is global in scope, and the energy market is international in nature. This challenges us to create a worldwide economic setting favorable for energy investment, exploration, and production. It requires us to pursue demand-side energy policies that foster conservation, efficiency, and oil substitution, and supply-side policies to release the world's considerable potential for energy resources development and trade.

Second, effective energy policy begins at home. Global cooperation must be a corollary and not a substitute for sound energy policy decisions made by committed national governments. The solutions lie not in apportioning blame nor in determining *a priori* which sources of energy are most appropriate for each country. Meeting the energy needs of the future is not a problem which the developing countries alone must face nor is it a problem which the developed countries alone can resolve. It is a challenge that we must address together, irrespective of ideology, stage of development, or form of economic system.

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Third, the world is overly dependent on a single energy source—oil—and even short-term disruptions in supplies can cause serious economic and social dislocations. Over the medium and long term, the world must transit from over-reliance on one energy source to the utilization of a wide variety of sources. We must realize that there is no substitute to energy alternatives.

Fourth, the developing countries face a special challenge in their process of modernization. They must be able to achieve an energy transition without aggravating an already debilitating dependence on imported petroleum.

Fifth, the energy problem affects both men and women whatever their life styles or occupations. Both men and women should participate in the formulation and implementation of national energy programs. Energy policies should enable women to have access to new technologies and take into account the particular impact that the transition will have on women dependent mainly on traditional fuel supplies.

We must not delude ourselves by the present, relatively favorable short-term oil market situation. In our journey to a new energy future—in our long odyssey of transition—we must turn a deaf ear to the soothing, beguiling sirens' song of "all is well."

We must be realistic. The decline of oil consumption in 1980 was not due to a shift to renewable energy sources. The oil market situation remains fragile, and the prospect of stability depends on avoiding complacency and upon sound energy responses by both consuming and producing countries.

Our vision must transcend the present circumstances. Long as the process of transition may be, there is no turning back.

We must understand that the energy problem is not solely due to dwindling petroleum resources. Supplies of other traditional, even renewable, sources of energy are diminishing as well—with adverse social and environmental impacts. In many countries, the overwhelming majority of the people depend on firewood for their chief source of fuel. As a result, millions of hectares of the world's forests are disappearing every year. At the present rate, almost half of the remaining forests in the developing countries will be lost by the end of the century. Deforestation leads to a downward spiral of ecological degradation, loss of crop land, and worsening poverty. The precipitous decline in fuelwood supply disproportionately affects the world's poor—especially women.

The imperatives of need speak for themselves. The challenge now to the world community is to approach the transition in a consistent and pragmatic manner. Necessity must not become a convenient excuse to yield to the imperatives of command economics or to uneconomic alternatives. We must guard against the replacement of crippling dependence on imported hydrocarbons with an equally debilitating collection of subsidized and uneconomic new and renewable energy projects. We believe that the solution lies in the long-term reliance on open energy markets in which ingenuity and enterprise can flourish.

There is no lack of energy on planet Earth. Renewable resources are more than sufficient to meet all foreseeable needs, irrespective of pressures on finite resources—provided we encourage men and women to innovate and invent and to utilize science and technology for the benefit of humankind.

The findings of the preparatory process have demonstrated the remarkable ingenuity of scientists as well as laymen, community groups, and private enterprises in bringing to the marketplace of ideas new technologies and modern applications of old ones. This is a unique encounter of the old and the new, where people revive from the past what has permanent value and reach for creative ideas to chart their energy future. A new technology such as photovoltaic generation of electricity is a spinoff of the space age, other renewable technologies are as traditional as the windmill. Both are testimony to human ingenuity to invent and adapt. Ingenuity is a precious resource which we cannot restrain by rigid policies that stifle individual initiative. Instead, we must maintain true rewards that encourage creativity.

For our part, this means freedom for private enterprise in a free market system. We believe that sound economics in the field of energy do not emanate from rigid, preconceived ideas but from allowing all forms of energy to compete in the marketplace.

The market system is our way, but we also recognize the complexities in the global energy balance and respect the pluralistic approaches that the United Nations symbolizes. Over the long run, different approaches will test their own measure.

In addressing the global energy situation, this conference will give special attention to the very serious energy problems faced by the developing countries. In this, we must all cooperate.

- This cooperation means working together to assist countries in energy assessments to fashion sound national energy policies.
- Cooperation means increased efforts to accelerate exploration and greater utilization of indigenous energy sources.
- Cooperation means working with the private sector in both its international and national dimensions.
- Cooperation means removing disincentives to foreign investment in energy.
- And cooperation means that multilateral resources should complement and catalyze rather than displace flows from the private sector.

Energy and the U.S. Economy

Secure and adequate supplies of energy must play a paramount role in the revitalization and progress of the U.S. economy. In recent years, the leveling

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President Reagan's Message to the Conference, August 10, 1981

This conference is testament to our shared convicition that the energy problems faced by all nations can be transformed, through foresight and statesmanship, into opportunities for industry, employment, and prosperity. This conference will gauge our common determination to deal with our energy problems and the difficult task of finding and exploiting new energy sources.

The United States has made considerable progress in the development and diffusion of new and renewable energy technologies. Thousands of private companies, citizens' groups, and individuals are now involved in the research, manufacture, and marketing of new energy systems. We will continue to share our experience with other nations as we also benefit from theirs. We attach high priority to the energy needs of developing countries and intend to emphasize innovative energy projects in our development assistance programs.

This conference has the chance to become a milestone for cooperation. To achieve this, we need the serious and responsible efforts of all countries, supported by well-conceived regional and global initiatives. With imagination, a cooperative spirit, and hard work, we can insure that all countries have sustainable and abundant energy resources.

In this spirit, Mr. President, I sincerely wish you and all assembled delegates a successful conference.

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off of domestic oil production and the increased price of imported oil have spurred the search for energy alternatives and new methods of fuel efficiency and conservation.

The last decade has seen a great number of initiatives to develop and commercialize new and renewable energy sources. Thousands of companies, private citizens' groups, and individuals are now involved in research, retailing, installing, and servicing energy systems based on alternative energy sources.

At present, renewable energy sources meet more than 6% of U.S. energy needs; this corresponds to about 7.5% of the energy produced in the United States. Reasonable projections indicate that renewables will play an increasing role in meeting the country's energy needs—close to 8% in 1990 and over 10% by the year 2000.

Alternative energies are becoming welcome participants in the marketplace because new energy systems are less harmful to the environment and are responsive to dispersed energy needs. They are also technically feasible, and many are cost competitive with conventional fuels.

In the U.S. energy transition, private industry will play the major role. It provides the financial, managerial, and technological impetus necessary to tap the potential of nonconventional energy sources and thereby alter the country's energy mix.

In the realm of private initiative are the efforts of thousands of community groups, nonprofit organizations, cooperatives, and citizens' associations. They may be small local action organizations working on their own self-help projects or nationwide voluntary associations with tens of thousands of members disseminating information on renewable energy systems.

At the national level, the Federal Government has been supporting the development of new and renewable sources of energy in four principal ways.

First, by deregulating oil and permitting increases in natural gas prices, we have dramatically enhanced the competitive position of renewables.

Second, to assist a fledgling industry the United States has adopted—and will maintain until scheduled expiration—a series of tax incentives for certain investments in renewable energy installation and equipment.

Third, we are removing many of the inhibiting regulations and rules that have slowed the development and use of new and renewables.

Fourth, we will provide ongoing government support for long-term, basic research that is too risky for private firms to undertake.

The overriding concern of the U.S. Government is to establish sound and stable policies that encourage individuals and groups, in the public and private sectors, to produce and use all energy sources wisely and efficiently.

Energy cooperation will continue to be an essential ingredient of our political, economic, and commercial relations with both developed and developing countries, with oil-exporting as well as oil-importing nations.

Our rationale is threefold. First, more abundant energy supplies lessen international economic and political tensions. Second, increased availability of overall energy resources is indispensable to the healthy economic growth of all countries. Third, new and renewable energy sources create markets for new technologies and services.

U.S. Assistance Programs

We are especially conscious of the energy needs of the developing countries, and we will continue to devote bilateral development aid to areas of greatest need. In its bilateral development assistance program, the United States has given high priority to energy and intends to increase significantly its total level of funding for energy-related activities. I am especially pleased to announce that the budget for the U.S. Agency for International Development (AID) includes plans to double funding for new and renewable sources of energy. The new funding level will exceed $70 million for the next fiscal year. In addition, our Congress has recently passed legislation authorizing an additional $4.0 million earmarked for a solar international program.

U.S. bilateral energy assistance programs respond to the distinct dimensions of the energy problem as defined by the developing countries. While our AID program is tailored to individual country needs and acts as a catalyst for investment, its principal activities fall in four major areas:

- The assessment of needs, uses, and resources to assist countries to formulate sound energy policies;
- The training of personnel and development of institutions to formulate and implement such policies;
- The site testing, demonstration, and evaluation of new energy technologies; and
- Increasing energy supplies, both conventional and renewable, with significant attention to fuelwood projects.

The trade and development program of the U.S. Government is a corollary of our bilateral assistance efforts. Through assistance to commercial projects in developing countries it facilitates the transfer of U.S. energy technology.

Multilateral institutions and development banks have a major role to play in assisting the energy transition. The United Nations and its family of agencies are involved in most aspects of new and renewable energy development and utilization. Through rationalization of work, greater economy and redeployment of resources, the United Nations' efforts could become a cutting edge of change in the international energy transition. The United States is committed to working out at this conference ways in which the international community can augment its efforts to make renewable resources available to developing countries.

We believe multilateral development banks are most effective when they also generate and enhance investment from the private sector. The World Bank is already playing an active role in the development of new and renewable sources of energy. And it can do more. We have encouraged the Bank to examine its priorities and procedures in order to make more capital available for energy development. We believe that much can be done now within the existing Bank structure. Increased cooperation and cofinancing among the Bank, other multilateral institutions, and the private sector should allow existing resources to be used more efficiently and should mobilize greater amounts of capital for important energy investment needs. Similarily, the United States believes that regional development banks should review their priorities and procedures in order to devote increased finanical resources for energy development.

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Finally, the United States stands ready to explore other avenues that will augment energy lending. In this regard, we hope oil exporting countries can increase their investment in developing countries, and—in a spirit of partnership—we are willing to discuss institutional means that may facilitate this effort.

The essence of cooperation among countries preparing for the energy future lies not in erecting intricate edifices but in building solid foundations, at the local and national level, for individual as well as joint actions.

Cooperation should never detract from our resources—it should augment them. Such cooperation was the hallmark of the long preparatory process for this conference. I trust the long-range effects of the program of action we adopt here will be greater than the sum total of our individual contributions.

The path of energy transition is yet to be traversed. It is a journey we have just begun, an odyssey, which will be marked by many changes of fortune. It is a long path; there are no shortcuts, but there may be many dead ends. We are all companions on this journey. Each of us, as we forge ahead, must help others who fall behind, for anyone who stays behind slows down all of us.

Along the path of energy transition, this conference will be an important benchmark. We have learned from the experience of other countries as we have shared ours with them. This exchange of experience should help us all to make free and fully informed choices about our energy future. We are discovering advances in alternative energy technologies that other countries have made, and we are relating our own achievements. This is a true and free transfer of technology. The lessons we learn, the advice we hear, will, I am certain, influence our own thinking, policies, and practices in the years to come.

Because in the final analysis, the policies and efforts of each individual country—the total national effort—will determine the scope and nature of global cooperation on the energy front. Expertise is important; knowledge is indispensable; experience is instructive; private flows of capital are vital; development assistance can aid; and multilateral coordination can support. But none can substitute for self-reliant endeavor that we each in turn must pledge to one another and to ourselves. On the global energy front, the country that helps itself aids all the others in turn.■

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